

October 24, 2006

Application of Acceris Management and Acquisition, LLC and First Communications, LLC for (i) Authority for First Communications, LLC to Provide Resold Interexchange Telecommunications Services throughout The State of South Carolinas and (ii) Approval of the Transfer of Assets Including Customers, of Acceris Management and Acquisition, LLC To First Communications, LLC

This Settlement Agreement (“Settlement Agreement”) is made by and among the Office of Regulatory Staff (“ORS”) and Acceris Management and Acquisition, LLC (“Acceris”) and First Communications, LLC (“First” or “the Company”) (collectively referred to as the “Parties” or sometimes individually as “Party”);

WHEREAS, on August 7, 2006, Acceris and First filed an application requesting (i) a Certificate of Public Convenience and Necessity be granted to First to provide resold interexchange telecommunications services throughout the State of South Carolina; (ii) alternative regulation for its long distance services in accordance with the procedures set out in Commission Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C as modified

by Commission Order No. 2001-997 in Docket No. 2000-407-C; and (iii) approval of an asset transfer from Acceris to First;

WHEREAS, on August 16, 2006, the Commission appointed David Butler, Esquire as the Hearing Examiner for this matter;

WHEREAS, on August 11, 2006, counsel for ORS entered a notice of appearance in this matter;

WHEREAS, on August 14, 2006, the Public Service Commission of South Carolina (the "Commission") issued a notice of hearing and set return dates for the hearing in the above captioned matter scheduled to be heard before a Hearing Examiner on October 30, 2006;

WHEREAS, on September 18, 2006, Acceris and First pre-filed testimony of Mary Cegelski with the Commission;

WHEREAS, on September 27, 2006, 2006 Acceris and First filed a Motion to Hold Hearing by Videoconference and on September 28, 2006, the Hearing Examiner issued a Directive granting Acceris and First's motion.

WHEREAS, the purpose of this proceeding is to review the application filed by Acceris and First and its request for a Certificate of Public Convenience and Necessity and to review Acceris' request for approval of an asset transfer;

WHEREAS, since the filing of the notice, ORS has conducted a review of the technical, managerial, and financial expertise of the Company to provide such services;

WHEREAS, ORS has reviewed the application and the financial data provided by the Company, and ORS has calculated certain performance ratios based upon information provided by the Company;

WHEREAS, ORS has investigated the services to be offered by First and its intended customer service plans;

WHEREAS, ORS has reviewed the prefiled testimony of Mary Cegelski and the description of the proposed asset transfer from Acceris to First;

WHEREAS, as a result of its investigations, ORS has determined a) First intends to offer resold interexchange telecommunications services throughout the State of South Carolina and to serve the Business customers being acquired from Acceris; b) the officers of First possess sufficient technical and managerial abilities to adequately provide the services applied for; c) based upon the limited financial information provided and the analysis performed First appears to have the financial resources necessary to provide the services proposed in its application; d) First agrees to file its final tariff with the Commission and agrees to incorporate within its tariff the same type of services, rates, terms, and conditions of Acceris to ensure that the business customers transferred from Acceris will not experience any change in its services and rates; e) the services provided by First will meet the service standards required by the Commission; and f) to the extent it is required to do so by the Commission, First will participate in the support of universally available telephone service at affordable rates.

WHEREAS, to ensure compliance with the Commission's statutes and regulations, the Parties have agreed to the following comprehensive settlement of all issues in this docket;

WHEREFORE, in the spirit of compromise, the Parties hereby stipulate and agree to the following terms and conditions:

1) The Parties agree to stipulate into the record before the Commission this Settlement Agreement. The Parties also agree to stipulate to the pre-filed testimony of Acceris and First Witness Mary Cegelski who will be presented without cross-examination by ORS;

2) The Parties agree that the Company should be granted a Certificate of Public Convenience and Necessity to provide resold interexchange telecommunications services within the state of South Carolina;

3) ORS does not oppose the Company's request for waiver of 26 S.C. Code Ann. Regs. 103-610 (location of books and records) provided that the Company agrees that upon the request of ORS, the Company shall provide access to its books and records to ORS at the Company's sole expense;

4) ORS does not oppose First's request for waiver of compliance with any Commission rules or policies requiring a carrier to maintain its financial records in conformance with the Uniform System of Accounts ("USOA");

5) ORS does not oppose the Company's request that all of its telecommunications offerings be regulated as described in its application pursuant to the procedures set out in Commission Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C as modified by Commission Order No. 2001-997 in Docket No. 2000-407-C;

6) First agrees to resell the services of only those interexchange carriers authorized to do business in South Carolina by the Commission.

7) First agrees that the Company will allow an end-user of resold services to access an alternative interexchange carrier or operator service provider if the end-user expresses such a desire;

8) Acceris and First agree to file necessary financial information with the Commission and ORS for universal service fund reporting, annual reporting and gross receipts. The parties agree that such reports shall be filed pursuant to ORS instructions and monies shall be remitted in accordance with the directions of ORS and the Commission;

9) In the event that the Company offers prepaid calling card services in the future, First agrees that it shall post a surety bond in the amount of \$5,000 as required by the South Carolina Public Service Commission (the "Commission").

10) Prior to transfer of the customer accounts, First and Acceris agree to provide thirty (30) days customer notification pertaining to the transfer of Acceris' services to First and notifying customers of their right to select another telecommunications provider. First and Acceris agree to file a copy of the customer notice letter with the Commission and ORS. First further agrees to provide the South Carolina Public Service Commission (the "Commission") and ORS with copies of any correspondence filed with the Federal Communications Commission ("FCC") related to this transaction;

11) No later than thirty days after the close of the transaction, First agrees to provide notice to the ORS and the Commission of the conclusion of the transaction.

12) First agrees to comply with all rules and regulations of the Commission unless the Commission has expressly waived such rule or regulation;

13) First and Acceris shall provide information to ORS concerning the revenue impact of the transfer of South Carolina business customers from Acceris to First.

14) First shall assume the 2006 support obligation of Acceris to the Intrastate Universal Service Fund for those customers transferred to First from Acceris until such

time as First's own company specific information is utilized in the calculations made annually to establish the Universal Support Fund factor.

15) ORS does not object to Commission approval of the transfer of assets including customer accounts from Acceris to First subject to the conditions enumerated in this Settlement Agreement;

16) ORS is charged by law with the duty to represent the public interest of South Carolina pursuant to S.C. Code § 58-4-10(B) (added by Act 175). S.C. Code § 58-4-10(B)(1) through (3) read in part as follows:

... 'public interest' means a balancing of the following:

- (1) concerns of the using and consuming public with respect to public utility services, regardless of the class of customer;
- (2) economic development and job attraction and retention in South Carolina; and
- (3) preservation of the financial integrity of the State's public utilities and continued investment in and maintenance of utility facilities so as to provide reliable and high quality utility services.

ORS believes the Settlement Agreement reached among the Parties serves the public interest as defined above;

17) The Parties agree to advocate that the Commission accept and approve this Settlement Agreement in its entirety as a fair, reasonable and full resolution of all issues in the above-captioned proceeding and to take no action inconsistent with its adoption by the Commission. The Parties further agree to cooperate in good faith with one another in recommending to the Commission that this Settlement Agreement be accepted and approved by the Commission. The Parties agree to use reasonable efforts to defend and support any Commission order issued approving this Settlement Agreement and the terms and conditions contained herein;

18) The Parties agree that signing this Settlement Agreement will not constrain, inhibit, impair or prejudice their arguments or positions held in other collateral proceedings, nor will it constitute a precedent or evidence of acceptable practice in future proceedings. If the Commission declines to approve the Settlement Agreement in its entirety, then any Party desiring to do so may withdraw from the Settlement Agreement in its entirety without penalty or obligation;

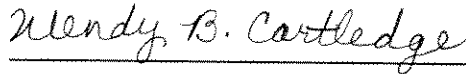
19) This Settlement Agreement shall be interpreted according to South Carolina law;

20) The above terms and conditions fully represent the agreement of the Parties hereto. Therefore, each Party acknowledges its consent and agreement to this Settlement Agreement by affixing its signature or by authorizing counsel to affix his or her signature to this document where indicated below. Counsel's signature represents his or her representation that his or her client has authorized the execution of the agreement. Facsimile signatures and email signatures shall be as effective as original signatures to bind any party. This document may be signed in counterparts, with the original signature pages combined with the body of the document constituting an original and provable copy of this Settlement Agreement. The Parties agree that in the event any Party should fail to indicate its consent to this Settlement Agreement and the terms contained herein, then this Settlement Agreement shall be null and void and will not be binding on any Party.

(Signature Pages Follow)

WE AGREE:

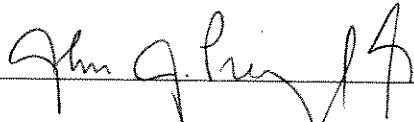
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WE AGREE:

**Representing Acceris Management and Acquisition, LLC and
First Communications, LLC**



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